

THE TORONTO STOCK EXCHANGE

12/3/70
19/3/70

FILING STATEMENT NO. 1732.
FILED, MARCH 20th, 1970.

KENN HOLDINGS AND MINING LIMITED

Full corporate name of Company

Con-Shawkey Gold Mines Limited was incorporated under Part XI of The Companies Act (Ontario) by Letters Patent dated May 4, 1945 as Shawkey (1945) Mines Limited (No personal liability). By Supplementary Letters Patent dated June 11, 1947 the capital of the Company was increased. By Supplementary Letters Patent dated October 31, 1956 the name was changed to Ultra-Shawkey Mines Limited and the capital was decreased and increased. By Supplementary Letters Patent dated October 1, 1962 the name was changed to Con-Shawkey Gold Mines Limited and the capital was decreased and increased. By Supplementary Letters Patent dated July 31, 1969 the name was changed to Kenn Holdings and Mining Limited, the objects were varied and the authorized and issued capital was changed from par value shares to the same number of shares without par value and the Company was no longer subject to Part XI of The Companies Act.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>(a) The acquisition by the Company of sixteen contiguous unpatented mining claims in the Township of Graham; (SEE SCHEDULE "A" ON PAGE 4.)</p> <p>(b) Changes in the Company's investment in shares of Lytton Minerals Limited: (SEE SCHEDULE "G" ON PAGE 8.)</p> <p>(c) Details of the Company's purchase and sale of shares of Northland Trust Company; (SEE SCHEDULE "C" ON PAGE 6.)</p> <p>(d) Details of the Company's pending purchase of all the issued and outstanding shares in the capital stock of Sure Brake and Muffler Limited: (SEE SCHEDULE "B" ON PAGE 4 and 5.)</p> <p>(e) Details of the Company's purchase of an interest in an oil and gas property in the Province of Alberta; (SEE SCHEDULE "D" ON PAGE 7.)</p> <p>(f) Details of the Company's participation in the S. M. Nickel Syndicate; (SEE SCHEDULE "E" ON PAGE 7.)</p> <p>(g) Details of Supplementary Letters Patent dated July 31, 1969 issued to the Company. Reference is made to Schedule "H" for particulars; (PAGE 9)</p> <p>(h) Details of Special Resolution of the Company confirmed on December 18, 1969 by the shareholders of the Company authorizing the application for Supplementary Letters Patent consolidating the issued shares of the Company on a 1 for 10 basis. Reference is made to Schedule "I" for particulars. Further reference is made to the Footnote to Schedule "I" (PAGE 10)</p>
2. Head office address and any other office address.	<p>Head Office: Suite 209, 185 Bay Street, Toronto 117, Ontario.</p> <p>Other Office: P.O. Box 146, Toronto-Dominion Centre, Toronto 111, Ontario.</p>

3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	Name	Address	Director & Officer	Chief Occupation for Past 5 Years
	Roy A. Kennedy	399 Markland Dr., Etobicoke, Ont.	Director & President	Business Executive
	Graham H. Duff	17 Ridgeway Cr., Toronto, Ont.	Director & Vice-President	Mining Consultant
	Alan Biggs	2129 Portway Ave., Port Credit, Ont.	Director & Secretary-Treasurer	Chartered Accountant
	Raymond Fernback	2063 Tenoga Dr., Port Credit, Ont.	Director	Vice-President & General Manager of KMA Caterers Limited (July 1964 to date) General Manager of Unique Division, Montex Apparel Industries Limited 1964 to June 1967
	NOTE: (A) Mr. Raymond Fernback was elected a director at the annual meeting of the Company held on June 30, 1969. (B) David A. Duff, 274 Lawrence Avenue East, Toronto, Ontario, Mining Consultant, was a director of the Company died on January 10, 1970. No director has been elected to date to fill the vacancy so created.			
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized: 5,000,000 shares without par value Issued and Outstanding: 3,817,083			
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	The Company has obtained a demand loan of \$60,000 with interest at the rate of 10 1/4% per annum from a Canadian chartered bank. The security held by the bank is 50,000 shares of Lytton Minerals Limited.			
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	Nil			
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	None			
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None			
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company proposes to spend approximately \$35,000 on further exploration of its current properties and on new acquisitions as warranted. NOTE: The Company proposes to carry out the recommendations of its consultant on the Graham Township property estimated to cost, in the aggregate, approximately \$38,200. See Engineer's Report on Page 18.			

10. Brief statement of company's chief development work during past year.

Blind River - Elliot Lake Property

Pursuant to an agreement dated July 3, 1967 between the Company and Kerr-McGee Corporation (Kerr-McGee), Kerr-McGee paid to the Company an aggregate of approximately \$20,600 to maintain its interest in the Elliot Lake Property. Three of the claims were eliminated because they overlapped certain others. See the Company's previous filing statement No. 1573, August 29th, 1967.

Sault St. Marie - Striker Township Property

Eighteen of the thirty-six claims were allowed to expire because results of exploration work did not warrant their being retained. The remaining eighteen claims will expire on the 31st day of March, 1970.

Parkin - Hutton Township Property

Geophysical and geological surveys were carried out during 1969. Although results were inconclusive the property will be held in good standing.

Langmuir Township Properties

The Company's two properties are being maintained in good standing pending further developments in the area. Geological mapping was completed during the 1969 field season.

Vald'Or Property, Quebec

Because of negative results in the exploration of this property no further work was done. The mining leases on the property are in good standing and the Company has continued to pay taxes to the Province of Quebec thereon.

Vasson Township Property Quebec

The property of the Company was allowed to lapse because of negative results in the work carried out thereon.

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.

SEE SCHEDULES "A", "B", "C", "D", "E"
ON PAGES 4 to 7 INCL.

12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.

1. re mining claims: Ernest J. Rivers, 32 Hill Crescent, Scarborough, Ontario.
2. re Sure Brake and Muffler Limited transaction
 - (a) Roy A. Kennedy, 399 Markland Dr., Etobicoke, Ont.
 - (b) Alan R. Biggs, 2129 Portway Ave., Port Credit, Ont.
 - (c) J.J. Pearson, 287 Ashland Ave., London, Ont.
 - (d) J. Gary Shaw, 383 Richmond St., London, Ont.
3. re Northland Trust Company transaction, the following people have a greater than 5% interest in Monteden Holdings Limited:
 - (a) Roy A. Kennedy, 399 Markland Dr., Etobicoke, Ont.
 - (b) A.R. Biggs, 2129 Portway Ave., Port Credit, Ont.
 - (c) P.H. Harrower, 255 Mont Sacre Coeur, Timmins, Ont.
4. re oil and gas property transaction: those persons holding a greater than 5% interest in Bozlan Oil & Gas Limited are not known to the signatories hereto.

NOTE: Messrs. R.A. Kennedy and A.R. Biggs referred to above are both officers and directors of the Company.

13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.

187,500 shares are being held in escrow by Premier Trust Company to be released to the holders upon the consent of the Toronto Stock Exchange, the Ontario Securities Commission and the Board of Directors of the Company.

14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)

Graham H. Duff, 17 Ridgeway Crescent, Toronto 560, Ontario in trust for Graham H. Duff and Roy A. Kennedy jointly as to 187,500 shares.

SCHEDULE "A"

Pursuant to an Agreement of purchase and sale dated the 6th day of August, 1969 the Company agreed to purchase from Ernest J. Rivers 16 contiguous unpatented mining claims located in Graham Township, Sudbury Mining Division in the Province of Ontario.

The agreement is subject to and conditional upon the acceptance of notice of the agreement for filing by the Toronto Stock Exchange. In the event of non-acceptance of such notice for filing or in the event of the acceptance of such notice for filing on terms and conditions which the Company is unwilling or unable to fulfill, the agreement shall be null and void.

The consideration payable for the 16 claims in the Township of Graham is \$22,500 in cash.

SCHEDULE "B"

By memorandum of agreement dated the 28th day of October, 1969, between Roy A. Kennedy, Alan R. Biggs, J. Gary Shaw and J.J. Pearson as vendors and the Company as purchaser, the Company agreed to purchase all the outstanding shares in the capital of Sure Brake and Muffler Limited for an aggregate purchase price of \$250,000 payable as to \$100,000 in cash and as to \$150,000 by the issue of 150,000 fully paid and non-assessable treasury shares of the Company. As additional consideration for the purchase of the shares, the Company agreed to issue further treasury shares to the vendors on the following basis:

- (a) to the extent that profit of the Company for its fiscal year ended July 31, 1970 exceed \$100,000, treasury shares having a value of twice such excess shall be issued;
- (b) to the extent that profit of the Company for its fiscal year ended July 31, 1971 exceed \$150,000, treasury shares having a value of twice such excess shall be issued; and
- (c) to the extent that profit of the Company for its fiscal year ended July 31, 1972 exceed \$200,000, treasury shares having a value of twice such excess shall be issued.

The agreement provides that "profit of the Company" and "value" shall have the following meanings:

- (1) the term "profit of the Company" for any fiscal year shall mean profit of the Company as determined by a reputable firm of chartered accountants (who may be the auditors of the Company) satisfactory to the Vendors in accordance with generally accepted accounting principals and after deduction of all taxes including, without limitation, taxes on income;

Cont'd

(ii) the "value" of treasury shares for the purpose of issue on the basis of profit of the Company for any fiscal year shall be determined by taking the average of the last sale prices for treasury shares on The Toronto Stock Exchange for each trading day during the four months preceding the July 31 ending such fiscal year or if the treasury shares were not listed on such Exchange for any part of such period then by taking the average of the last sale prices for treasury shares on the over the counter market during such period for each trading day in which such shares were not so listed as quoted by any reputable broker or investment dealer selected by the auditors of the Company and the last sale prices on The Toronto Stock Exchange for each trading day in which such shares were so listed if such shares were so listed during any part of such period. If such shares were not traded during such period.

then value shall be determined by the auditors of the Company. If during such period the Purchaser shall have merged or amalgamated with another company, sale prices per share of treasury shares prior to the amalgamation shall be adjusted by multiplying such prices by the number of shares or fraction of a share of the amalgamated company or company into which the Purchaser is merged, as the case may be, into which each treasury share is converted on amalgamation or merger.

The foregoing agreement was confirmed by the shareholders of the Company at a general meeting of shareholders held on the 18th day of December, 1969.

The agreement is subject to the acceptance by The Toronto Stock Exchange of a filing statement with respect to this transaction.

The following is a summary, in tabular form, of the consideration to be paid on closing the above described transaction:

	Number of shares in Sure Brake and Muffler Limited currently held.		Cash consideration to be received on sale	Shares of Kenn Holdings and Mining Limited to be received on sale
	(a) Preferred	(b) Common		
J.J. Pearson	1,800	8,000	\$45,000	67,500
R.A. Kennedy	1,100	5,000	\$22,500	*33,750
A.R. Biggs	1,100	5,000	\$22,500	*33,750
J.G. Shaw	None	2,000	\$10,000	15,000

* All shares initially issued to R.A. Kennedy and A.R. Biggs will be fully escrowed subject to release upon the written consent of the Toronto Stock Exchange.

SCHEDULE "C"
To the Filing Statement of Kenn Holdings and Mining Limited

Pursuant to an agreement between Monteden Holdings Limited and Con-Shawkey Gold Mines Limited (now Kenn Holdings and Mining Limited) dated the 12th day of November, 1968, the Company purchased 13,000 fully paid and non-assessable shares with a par value of \$10.00 each of Northland Trust Company at an aggregate purchase price of \$130,000 from Monteden Holdings Limited. The Company further agreed to lend Monteden Holdings Limited the sum of \$120,000 with interest at 8% per annum both before and after maturity and before and after default which loan would mature on November 27, 1970. Such loan was evidenced by the unsecured promissory note of Monteden Holdings Limited payable to or to the order of the Company. The agreement further provided that subject to the above described transactions Monteden Holdings Limited agreed to grant to the Company an option to purchase from Monteden Holdings Limited a further 12,000 fully paid and non-assessable shares with a par value of \$10.00 each (as then constituted) of Northland Trust Company on the following terms and conditions:

(a) the options shall be exercised in whole or at any time or in part from time to time up to 5.00 o'clock p.m. Toronto time on November 27, 1970 at the exercised price of \$12.00 for each share purchase pursuant to the exercise of the option;

(b) the options shall expire and all rights to purchase shares thereunder shall cease after 5.00 p.m. Toronto time on the 27th November, 1970.

The above mentioned agreement was approved by the shareholders of the Company at an Annual and General meeting held on the 30th day of June, 1969.

The aforesaid loan of \$120,000 together with the interest accrued thereon is to be retired by Monteden Holdings Limited as of April 18, 1970. This will be effected by Monteden Holdings Limited transferring to the Company an 8% unsecured convertible redeemable debenture issued by Canadian Goldale Corporation Limited in the amount of \$130,000. This debenture is due July 15, 1979, and is convertible at the option of the holder into common shares without par value in the capital of Canadian Goldale Corporation Limited as constituted at July 15, 1969, at a conversion price of \$12.00 per common share. The debenture may be converted at any time up to the close of business on July 14, 1979 or, if called for redemption, up to the close of business on the last full business day next preceding the date specified for redemption, whichever is earlier.

By agreement made the 14th day of January, 1970, between the Company, as vendor, and Canadian Goldale Corporation Limited, as purchaser, the Company sold 13,000 shares of Northland Trust Company. In consideration of this sale, Canadian Goldale Corporation Limited delivered to the Company an 8% unsecured convertible redeemable debenture in the amount of \$150,000 issued by Canadian Goldale Corporation Limited. This debenture is of the same series and contains the same terms and conditions as the debenture to be transferred to the Company by Monteden Holdings Limited. Reference is made to the immediately preceding paragraph for details of the debenture.

NOTE: Upon retirement by Monteden Holdings Limited of the loan of \$120,000, the Company has agreed that the option with respect to the 12,000 shares of Northland Trust Company shall expire.

SCHEDULE "D"

To the Filing Statement of Kenn Holdings and Mining Limited

Prior to the 15th day of October, 1969, a group composed of American Trading and Production Corporation Limited, Bozlan Oil & Gas Limited and Great Divide Investments Limited held an oil and gas property in the Province of Alberta known as the Barth Prospect and a well located thereon known as Am. Trdg. et al Barth 11-19-38-18 W4M. The respective interests of the members of the aforesaid group were 50%, 25% and 25%.

On or about the 15th day of October, 1969, Graham H. Duff, an officer and director of the Company, personally acquired a 25% interest in the Barth Prospect in return for Mr. Duff's commitment to obtain the financing required to drill and complete a well on the property. Such financing amounted to \$29,000. The 25% interest acquired by Mr. Duff was composed of 12 1/2% from each of Bozlan Oil & Gas Limited and Great Divide Investments Limited.

By agreement made the 7th day of November, 1969, the Company purchased an 8% interest in the Barth Prospect in consideration of \$12,000. The \$12,000 was paid to Bozlan Oil & Gas Limited to be used in the drilling and completion of the well. The 8% interest so acquired by the Company was donated by Graham H. Duff who received no part of the funds paid by the Company.

The well located on the Barth Prospect has now been completed and has both oil and gas zones.

SCHEDULE "E"

To the Filing Statement of Kenn Holdings and Mining Limited

By agreement made the 28th day of November, 1969, the Company entered a mining syndicate known as the S.M. Nickel Syndicate. The company contributed \$20,000 to the syndicate in return for a 40% interest in the syndicate. Currently the other syndicate members and their respective interests are Graham H. Duff as to 20% and Kirkland Townsite Gold Mines Limited as to 10%. The remaining 30% interest in the syndicate has not yet been sold. It should be noted that Graham H. Duff, who is an officer and director of the Company, received his interest in the syndicate in return for research and development of the project as well as geological consulting services which he has and will render to the syndicate.

The purpose of the syndicate is to investigate, prospect, locate designate and apply for concessions, as availability allows, in the southwesterly extension of the Thompson Nickel Belt in the Province of Manitoba.

NOTE: In the event that the currently unsold 30% interest in the syndicate is sold to a purchaser who is not at arm's length with Mr. G.H. Duff, then G.H. Duff has agreed to donate his 20% interest to Kirkland Townsite Gold Mines Limited and the Company on a pro rata basis.

SCHEDULE "F"

	<u>Security</u>	<u>No. of shares or securities</u>	<u>Cost</u>	<u>Market</u>
* 1.	Kelso Mining Limited	77,500	\$4,000	No quoted market.
** 2.	Lytton Minerals Limited	85,000	\$81,260	\$327,250
*** 3.	Canadian Goldale Corporation Limited	one (1) 8% unsecured, convertible redeemable debenture.	\$130,000	Face value \$150,000

* The 77,500 shares in Kelso Mining Limited represents the Company's interest in a prospecting syndicate.

** Reference is made to Schedule "g" hereof for particulars.

*** Reference is made to Schedule "c" hereof for particulars.

NOTE: The Company currently holds, as mortgagee, a second mortgage in the principal amount of \$15,000, of which J.C. Shaw is the mortgagor.

SCHEDULE "G"

Schedule of Purchases and Sales of Lytton Minerals Limited

<u>Date</u>	<u>Bought No. of Shares</u>	<u>Cost</u>	<u>Sold No. of Shares</u>	<u>Proceeds</u>	<u>Cost (Using Average Cost)</u>	<u>Gain</u>
		\$		\$	\$	\$
November 1967	125,500	90,325				
April 1968	80,000	84,000				
October 1968	30,000	46,575				
October 1968			20,000	51,000	18,760	32,240
December 1968	50,000	50,157				
December 1968			12,500	33,003	10,472	22,531
Total 1967/68	285,500	271,057	32,500	84,003	29,232	54,771
January 1969			53,000	158,042	50,668	107,374
June 1969			5,000	22,275	4,780	17,495
August 1969			5,000	17,095	4,780	12,315
October 1969			95,000	312,947	90,820	222,127
Total - 1969			158,000	510,359	151,048	359,311
January/ February 1970			10,000	41,182	9,560	31,622
Grand Total 1968, 1969 and January and February 1970	285,500	271,057	200,500	635,544	189,840	445,705

SCHEDULE "H"

To the Filing Statement of Kenn Holdings and Mining Limited

Supplementary Letters Patent dated July 31, 1969 have been issued to the Company with respect to the following matters:

(a) Varying the provisions of the Letters Patent incorporating the Company by deleting therefrom the provision that the Company shall be subject to the provisions of Part XI of The Companies Act;

(b) Changing the name of the Company from Con-Shawkey Gold Mines Limited to Kenn Holdings and Mining Limited:

(c) Varying the provisions of the Letters Patent incorporating the Company by deleting therefrom the objects clauses and substituting therefor the following:

- (i) to carry on the business of mining, milling, reduction, refining and development;
- (ii) to acquire, own, lease, prospect for, open, explore, develop, work, improve, maintain, and manage mines and mineral lands and deposits including oil and gas lands and deposits, and to dig for, raise, crush, wash, smelt, assay, analyze, reduce, amalgamate, refine, pipe, convey and otherwise treat ores, metals and minerals including oil and gas, whether belonging to the Company or not, and to render the same merchantable and to sell or otherwise dispose of the same or any part thereof or any interest therein;
- (iii) to purchase or otherwise acquire, hold, own, mortgage, pledge, sell, assign or otherwise transfer or dispose of shares, bonds, mortgages, debentures, notes and other securities, obligations, contracts, and evidences of indebtedness of any Company or corporation or association or of any trust or other issuer; and
- (iv) to take part in the management, supervision and control of the business or operations of any undertaking, shares or other securities of which are held by the Company or in which the Company is otherwise interested, and for that purpose to appoint and remunerate any directors or accountants or other experts or agents.

(d) Changing the 3,817,083 issued and the 1,182,917 unissued shares of the Company with a par value of \$1.00 each into 3,817,083 issued and 1,182,917 unissued shares without par value respectively, provided that the 5,000,000 shares without par value shall not be issued for a consideration exceeding in amount or value the sum of \$5,000,000 or such greater amount as the board of directors of the Company deems expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount and on the issuance by the Provincial Secretary of a certificate of such payment.

At an Annual and General Meeting of the shareholders of the Company held on June 30, 1969 the above application for Supplementary Letters Patent was approved by two-thirds of the votes cast.

SCHEDULE "I"

By special resolution which was confirmed by two-thirds of the votes cast at a general meeting of shareholders held on the 18th day of December, 1969, the Company was authorized to make application to the Lieutenant-Governor of Ontario for supplementary letters patent consolidating the 3,817,083 issued shares without par value of the Company into 381,708 3/10 shares so that the authorized capital shall thereafter consist of 1,564,625 3/10 shares without par value provided that the said 1,564,625 3/10 shares shall not be issued for a consideration exceeding \$5,000,000 or such greater amount as the board of directors of the Company deems expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount and on the issuance by the Minister of a certificate of such payment.

The resolution further provides for bearer fractional certificates to be issued to any shareholder who becomes entitled to a fraction of a share on such consolidation. It is to be noted that the Toronto Stock Exchange will not trade in such fractional certificates.

NOTE: The proposed capital reorganization herein described does not comply with the requirements of the Toronto Stock Exchange and is therefore being abandoned by the Company.

The shareholders of the Company will be given notice of such abandonment in the annual report of the Company.

SCHEDULE "J"

Explanation of services and duties rendered by the following to Kenn Holdings:

R.A. Kennedy

Mr. Kennedy functions on a full-time basis as the President and Chief Executive Officer of the Company, and he performs the normal corporate duties related to these functions.

Mr. Kennedy is particularly active in planning the development programme of the Company and in evaluating proposed acquisitions on behalf of the Company. Approximately six potential acquisitions have been extensively reviewed by Mr. Kennedy. It is estimated that Mr. Kennedy spends approximately 30 hours per week on the affairs of the Company.

G.H. Duff

Mr. Duff is the Vice-President of the Company and is in complete charge of the Company's mining division. Mr. Duff has complete responsibility for all operations in the mining areas in which the Company is involved. In connection with the foregoing responsibilities, Mr. Duff reviews potential acquisitions of mining interests and makes recommendations to the Company on the basis of such research. It is estimated that Mr. Duff devotes approximately 10-15 hours per week to the Company's affairs.

A.R. Biggs

Mr. Biggs is the Secretary-Treasurer of the Company and as such is responsible for establishing and maintaining the Company's accounting and other records. Mr. Biggs is particularly active in the financial evaluation of potential acquisitions.

It is estimated that Mr. Biggs devotes approximately 20 hours per week to the affairs of the Company.

FINANCIAL STATEMENTS

KENN HOLDINGS AND MINING LIMITED

Balance Sheet
As at November 30, 1969
(Prepared without Audit)

ASSETS

Current

Cash
Loans Receivable
Sundry Assets

\$ 36,410
235,977
1,500

273,887

Investments - At Cost

Securities - Quoted Market Value \$ 346,750

90,777

Securities - No quoted market value

134,000

15,000

239,777

Second Mortgage

457,859

Mining Properties



Deferred Expenditures

Exploration and Development
Administration & General

1,017,632
341,425

1,359,057

Approved:


Director

Director

\$ 2,330,580

LIABILITIES & SHAREHOLDERS' EQUITY

Current

Bank Loan (Secured)

\$ 60,000

Advances, Accounts Payable & Accrued Liabilities

96,538

156,538

Shareholders' Equity

Capital Authorized: 5,000,000 shares par value \$1.00 each

Issued and Fully Paid:
3,817,083
Less Discount on Shares

3,817,083
2,826,792
990,291
1,667,209

Contributed Surplus

2,657,500
483,458

2,174,042

Deficit

\$ 2,330,580

KENN HOLDINGS AND MINING LIMITED

Statement of Deficit
As at November 30, 1969
(Prepared without Audit)

Balance - January 1, 1969	\$ 839,537
Add: Costs Incurred re Change of Name and Objects	<u>6,234</u>
	845,771
Deduct:	
Gain on Sale of 158,000 shares of Lytton Minerals Limited	359,310
Sale of 180,000 Rights of Lytton Minerals Limited	<u>3,003</u>
	<u>\$ 483,458</u>

Statement of Deferred Expenditures
For the 11 months ended November 30, 1969
(Prepared without Audit)

Exploration and Development

Dubuisson Township, Quebec		
Balance as at December 31, 1968	\$ 992,406	
Geological Fees & Expenses	100	
Taxes	<u>201</u>	\$ 992,707
Langmuir Township, Ontario - Group B.		
Balance as at December 31, 1968	6,393	
Geological Fees & Expenses	<u>3,719</u>	10,112
Striker Township, Ontario		
Balance as at December 31, 1968	3,102	
Geological Fees & Expenses	<u>111</u>	3,213
Parkin & Hutton Townships, Ontario		
Balance as at December 31, 1968	<u>3,9100</u>	3,910
Garson & Blexard Townships	-	
Balance as at December 31, 1968	-	
Geological Fees & Expenses	<u>1,215</u>	1,215
Graham Townships		
Balance as at December 31, 1968	-	
Geological Fees & Expenses	<u>975</u>	975
Timmins Ontario		
Balance as at December 31, 1968	-	
Geological Fees & Expenses	<u>5,500</u>	<u>5,500</u>
		1,017,632

Administration and General

Balance as at December 31, 1968	236,342	
Expenditures for the 11 month period:		
Consultants' Fees and Expenses	\$ 19,800	
Directors' Salaries	47,500	
General Expenses	3,771	
Government Fees and Taxes	316	
Interest Expenses	17,156	
Legal & Audit Expenses	4,853	
Office Services	4,051	
Shareholders' Meetings & Reports	7,695	
Stock Exchange Fees	100	
Transfer Agent Fees	9,528	
Public Relations	<u>2,830</u>	<u>117,600</u>
		353,942
Less: Interest Earned	12,512	
Dividends Received	<u>5</u>	<u>12,517</u>
		<u>341,425</u>

KENN HOLDINGS AND MINING LIMITED

Statement of Source and Application of Funds
For the 11 months ended November 30, 1969

Source of Funds		
Sale of Lytton Minerals Limited Shares	\$ 510,358	
Sale of Lytton Minerals Limited Rights	3,003	
Sale of Upper Canada Mines Shares	456	
Interest and Dividends Gained	<u>12,517</u>	\$ 526,334
Application of Funds:		
Costs incurred re Change of Name & Objects	\$ 6,234	
Acquisition Costs of Mining Properties	54,509	
Purchase of Northland Trust Company Shares	130,000	
Purchase of Upper Canada Mines Shares	456	
Investment in Second Mortgage	115,000	
Exploration and Development Costs	11,822	
Administration & General Costs	<u>117,600</u>	335,621
Increase in Working Capital		190,713
Working Capital, Beginning of Period		<u>(73,364)</u>
Working Capital, End of Period		\$ <u>117,349</u>
Represented by:		
Current Assets		\$ 273,887
Current Liabilities		<u>156,538</u>
		\$ <u>117,349</u>

Schedule of Loans Receivable
As at November 30, 1969

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Monteden Holdings Limited	\$ 120,000	\$ 6,995	\$ 126,995
Sure Brake & Muffler Limited	<u>104,824</u>	<u>4,158</u>	<u>108,982</u>
	<u>224,824</u>	<u>11,153</u>	<u>235,977</u>

KENN HOLDINGS AND MINING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
For the Period from December 1, 1969 to January 31, 1970
(Prepared without Audit)

Source of Funds:

Sale of Shares of Lytton Minerals Limited	\$ 33,460
Interest Gained	3,440
Sale of Share of Northland Trust Company	<u>150,000</u>
	<u>186,900</u>

Application of Funds:

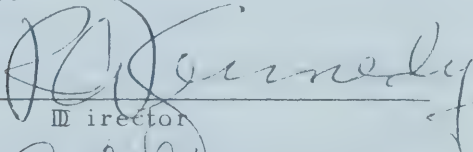
Canadian Goldale Corporation Limited Debentures	150,000
Exploration and Development Costs	1,759
Administration and General Costs	<u>19,877</u>
	<u>171,636</u>

Increase in Working Capital	15,264
Working Capital - November 30, 1969	<u>117,349</u>
Working Capital - January 31, 1970	\$ <u><u>132,613</u></u>

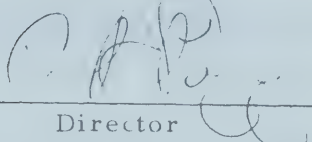
Represented by:

Current Assets	232,254
Current Liabilities	<u>99,641</u>
	\$ <u><u>132,613</u></u>

Approved on behalf of the board of directors:



Director



Director

(Incorporated as a Private Company under the laws of Canada)

BALANCE SHEET

As at November 30TH, 1969

(With comparative figures as at July 31, 1969)

ASSETS		November 30 1969	July 31 1969	LIABILITIES		November 30 1969	July 31 1969
CURRENT	Cash	\$ 11,082	\$ 3,938	CURRENT	Due to Banker - on Demand Loan	\$ 30,000	\$ 25,000
	Accounts Receivable	45,597	5,039		Accounts payable	154,600	131,563
	Inventories at the lower of cost or net realizable value:				Accrued Liabilities	18,856	15,600
	Merchandise	130,403	126,553		Income Taxes payable	-	-
	Equipment for resale	15,042	11,784		Refundable deposit	3,700	4,000
		145,445	138,337		Discounted Notes payable	25,258	275
					Estimated Capital and Sales Tax payable	750	550
					Current portion of long term debt		
					TOTAL CURRENT LIABILITIES	233,448	176,988
	Note receivable non-interest bearing	29,651	30,442	OTHER LIABILITIES	Deferred Revenue - Franchise Sales	29,000	-
	Current portion of notes receivable	34,889	94,806		Deferred Revenue - Equipment Lease notes	38,394	-
	Properties held for re-sale at cost	121,680	76,360		Receivable	67,394	
	LESS: 9% Mortgages payable	77,440	18,446				
	Prepaid expenses and deposits	44,240	12,591	LONG TERM LIABILITIES	Due to shareholders - Deferred for a period	41,893	37,008
TOTAL CURRENT ASSETS		318,598	208,793		in excess of one year	46,811	46,811
	10% Notes receivable	152,500	15,000		10% Demand Note payable - Deferred for a period of five years	24,570	24,608
	Equipment lease notes receivable	38,394	15,000		Notes payable - not subject to settlement within one year	14,116	14,720
	LESS: Current portion of notes	156,005			7% First Mortgage payable - Due February 28, 1983	50,225	50,225
					24% Second mortgage payable - Provisionally due December 23, 1969 - Term to be re-negotiated	235,615	173,372
FIXED ASSETS AT COST	Buildings	58,226	61,472	SHAREHOLDERS' EQUITY	DEDUCT: Principal payments due within one year (included with Current Liabilities above)	750	550
	Garage Equipment	17,797	15,673		Deferred Taxes payable	234,865	172,822
	Office Equipment	3,702	2,612		Capital Stock	45,346	-
	Leasehold Improvements	8,340	2,410		Authorized, issued and fully paid; 4,000 8% non-cumulative, non-voting, redeemable preference shares with a par value of \$10 each.	280,211	172,822
	Signs	5,470	5,470		20,000 common shares without par value, aggregate consideration not to exceed \$10,000.		
LESS: Accumulated Depreciation	Equipment on lease	16,585	-	Retained earnings (statement 2)			
		110,120	87,637				
		3,053	1,100				
		107,067	86,537				
		38,237	38,037				
Land		145,304	124,574	TOTAL LIABILITIES			
OTHER ASSETS	Deferred opening and Franchise development costs	37,589	37,889				
	LESS amounts written off	4,814	4,564				
	Trademarks at cost	2,543	2,543				
	Organization expenses - at cost	44,941	44,996				
TOTAL ASSETS		\$ 664,848	\$ 393,363				

Approved on behalf of the board of directors:

Robert Kennedy
Director
W. J. Kennedy
Director

SURE BRAKE AND MUFFLER LIMITEDSTATEMENT OF INCOMEFOUR MONTH PERIOD ENDED NOVEMBER 30, 1969

	Four months ended November 30, 1969	Eight months ended July 31, 1969
Income:		
Product sales	\$ 94,343	\$ 39,464
Deduct cost of sales	<u>39,055</u>	<u>24,962</u>
	55,288	14,502
Franchise sales	146,000	40,000
Sale of equipment (net)	2,132	-
Other income	<u>629</u>	<u>-</u>
	204,049	54,502
Expenses:		
Advertising	12,863	3,938
Bad Debt expense	486	-
Cash (over) and short	-	62
Construction consultant	2,650	-
Depreciation	1,953	1,100
Equipment rental	1,842	1,312
Employee benefits	971	465
Francise development costs	1,500	-
Heat, hydro and water	870	860
Interest - bank	1,127	347
- mortgages	12,622	2,981
Insurance	1,769	1,075
Labour - warehouse and shop	20,229	10,608
Legal, audit and accounting	17,979	6,299
Municipal taxes	1,517	2,080
Office expenses	1,559	1,074
Repairs and maintenance	-	2,124
Rent expense (net)	1,486	2,400
Supplies	1,018	1,702
Salaries - office	4,517	5,307
- sales	8,882	3,970
- management	8,415	6,664
Sundry	241	529
Travel and sales promotion	9,438	4,506
Tax on capital	-	275
Telephone, telegraph, and postage	2,008	1,271
Deferred opening expenses written off	<u>2,519</u>	<u>-</u>
	118,461	10,949
Net profit (loss) for the period before provision for taxes on income	85,588	(6,447)
Estimated provision for taxes on income	<u>45,346</u>	<u>-</u>
Net profit (loss) for the period	40,242	(6,447)
Less opening deficit	<u>(6,447)</u>	<u>-</u>
Closing retained earnings	<u>\$33,795</u>	<u>\$ (6,447)</u>

SURE BRAKE AND MUFFLER LIMITED

Notes to Financial Statements
November 30, 1969

1. Properties held for resale comprise land and buildings acquired for franchise operations, less the corresponding mortgage indebtedness. The amount of \$121,680 includes land and buildings \$72,189 held in trust for the company under an agreement dated July 31, 1969 with an officer and shareholder of the Company. The mortgage payable with respect to this property of approximately \$40,000 is included in the mortgage indebtedness of \$77,440.
2. It is the company's policy to take total franchise fees into income for accounting purposes at the time an agreement with the franchisee is signed, a deposit is received from the franchisee and a suitable location is obtained in the relevant geographic area. The \$152,500 10% notes receivable represent the balance of franchise fees receivable as at November 30, 1969 which are due in four equal annual instalments.
3. The Company incurred certain set-up and franchise development costs and trademark expenses in commencing operations. These costs are to be written off in subsequent periods at the rate of 1% of sales per month.
4. The bank loan is secured by a personal guarantee of a shareholder and officer of the company.
5. Interest on amounts due to shareholders has been waived to July 31, 1970.
6. The first and second mortgages are secured by the land and buildings carried as fixed assets on the company's books.
7. The company has entered into an agreement to lease warehouse and office premises for a period of 10 years at \$800 per month commencing April 21, 1969.

ENGINEER'S REPORT

The following is a Summary Report on the Company's property in Graham Township, Ontario, by G.E. Moody, P. Eng, dated May 28, 1969. A copy of the full report is on file with The Toronto Stock Exchange.

The following summary is provided by George E. Moody, B.Sc., P. Eng., whose full report is available in the Public Files of the Toronto Stock Exchange.

Con-Shawkey Gold Mines Limited has acquired 16 contiguous mining claims situated in Graham Township, Sudbury Mining Division, Province of Ontario.

The property straddles Highway 17 and 15 miles west of the City of Sudbury.

The claims group lies south of Sudbury Basin and the main nickel irruptive. The property is underlain by metapellites with minor quartzites intruded by some small bodies of gabbro. The youngest rock is an olivene diabase dyke.

The main regional fault of the area, the Worthington -Murray fault, crosses the Company's property and within its boundaries the Graham and Naughton faults take off from the regional fault.

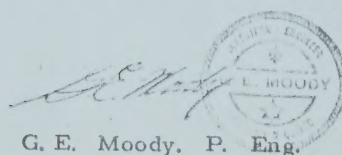
As 75% of the claims are covered by overburden, a magneto-meter survey with a follow-up electromagnetic survey is recommended to probe for any basic intrusives or possible pyrrhotite concentrations.

If any significant anomalies are turned up by the geophysical surveys a provision for 2,000 feet of diamond drilling is provided.

The estimated cost of the above program
is: \$30,375.

Respectfully submitted,
G. H. D. CONSULTANTS LIMITED.

Toronto, Ontario
May 28th, 1969.


G. E. Moody. P. Eng.

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.		Free	Escrowed
	1. Roy A. Kennedy, Suite 3208, P.O. Box 146, Toronto-Dominion Centre, Toronto, Ontario. (all beneficially owned)	554,300	117,186
	2. Graham H. Duff, Suite 209, 185 Bay Street, Toronto 117, Ontario. (all beneficially owned)	393,666	70,314
	3. * Domtor Company, Toronto-Dominion Bank, King & Yonge Sts., Toronto, Ontario.	200,600	
	4. * Morgan, Ostiguy & Hudon Inc., 500 St. James Street W., Montreal, Quebec.	160,401	
	5. * Doherty, Roadhouse & McQuaid Bros., 401 Bay Street, Toronto 103, Ontario.	117,609	
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	* Beneficial ownership unknown.		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	SEE SCHEDULES "F","G" ON PAGE 8.		
18. Brief statement of any lawsuits pending or in process against company or its properties.	None		
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	The Company entered into an agreement with Big Fern Investments Limited whereby that company provides office and administrative services to the Company at a fee of \$300 per month. Mr. Alan R. Biggs and Raymond J. Fernback, directors of the Company, are the sole shareholders of Big Fern Investments Limited. The aforementioned agreement was terminated effective February 28, 1970.		
	NOTE: Sure Brake and Muffler Limited has entered into an agreement with J.C. Shaw to lease warehouse and office premises for the period of ten years at \$800 per month commencing April 21, 1969.		

20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.

For the fiscal year of the Company ended 31 December, 1969, the remuneration paid to the officers and directors, as a group, totalled \$55,000. Reference is made to (Schedule "J") for a summary of the services rendered to the Company by the senior officers and directors. The proposed budget for remuneration of officers and directors, as a group, for the current fiscal year aggregates \$30,000 .

(SEE SCHEDULE "J" ON PAGE 10.)

There are no material facts affecting the Company other than those previously disclosed or disclosed herein. No shares of the Company are in the course of primary distribution to the public.

DATED March 4, 1970.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

KENN HOLDINGS AND MINING LIMITED

"R. A. KENNEDY"

CORPORATE
SEAL

"A. BIGGS"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)